

Joint Development Authority
Wednesday, September 19, 2018
Arden Hills City Council Chambers

Minutes

5:30 pm

Present:

Joint Development Authority: Chair Jonathan Wicklund, Commissioner Blake Huffman, Commissioner Dave McClung (arrived at 5:54 p.m.), Commissioner David Grant, Commissioner Rafael Ortega

Also present: Dave Perrault, (Arden Hills); Josh Olson, (Ramsey County)

Roll call taken.

Approval of Agenda

Commissioner Grant requested Financial Procedures and Civic Space MOU Discussion be added to the agenda.

Motion by Commissioner Huffman seconded by Commissioner Grant to approve the agenda as amended. Motion carried.

Approval of September 4, 2018 Minutes

Commissioner Grant requested a change to the minutes noting the two references to declassification should read delisting.

Motion by Commissioner Huffman seconded by Commissioner Grant to approve the minutes as amended. Motion carried.

Public Inquiries/Informational

None

Consent Agenda

None

Old Business

Master Development Agreement Summary

Director Olson provided the JDA members with a draft of the Master Development Agreement, along with a memorandum from the JDA's attorney which contained a list of unresolved issues

within the MDA. He noted Bob Lux and Louis Jamborn were in attendance to take comments or questions.

Commissioner Grant stated the document from Kennedy & Graven was given to the JDA members at the start of the meeting. He explained it would be difficult for the members to have questions on a document that has not yet been reviewed.

Chair Wicklund commented the issues that were discussed at the last JDA meeting were still being worked on by the County, developer and City. Director Olson reported this was the case.

Chair Wicklund stated because this document had just been given to the JDA, he recommended this be addressed at the October 1st JDA meeting, along with formal languages to address the tension points. He recommended the JDA set three additional meetings with those dates being October 17th, November 14th and December 19th. He explained these extra meetings would assist in improving the communication between the City and the County as the MDA moves forward.

Commissioner Grant explained the developer has been holding individual meetings with Council members. He suggested the tension points be addressed in the cooperative agreement. He proposed discussions between the City, County and Alatus be put on hold until the cooperative agreement can be finalized between the City and the County. He explained this would provide a solid foundation for the purchase with the developer to proceed.

Commissioner McClung arrived at the meeting.

Commissioner Huffman understood the City would like three weeks to review the draft MDA. He spoke to the amount of money and time the County had spent on this project and noted the County was working to get this project underway in 2019. He feared how a pause or hold on negotiations would impact the project. He recommended both documents move forward concurrently.

Commissioner Ortega requested further information on how negotiations have been conducted on the MDA. Louis Jamborn discussed how negotiations have been conducted between Alatus, the City and the County. He recommended that all negotiations regarding the development have all three parties in the room.

Commissioner Grant stated he would like to see the City and the County have aligned goals for this development through the cooperative agreement and have this in place prior to the County completing negotiations with the developer. He believed there was a great benefit in the City and County aligning themselves.

Chair Wicklund agreed there would be a benefit to the two agencies aligning themselves. However, he understood that alignment was extremely difficult to reach between the three parties involved.

Commissioner Grant questioned if the JDA believed the cooperative agreement should be in place prior to the MDA. It was his belief that the City was being triangulated as the last party being brought to the table.

Chair Wicklund requested further information from staff on how the MDA and cooperative agreement interacted. Jenny Bolton, Kennedy & Graven, advised the MDA fits together with the cooperative agreement. She noted the attempt has been to negotiate the documents all together because one impacts the other.

Commissioner Grant asked if the City approves the MDA. Ms. Bolton reported the City only approves the cooperative agreement.

Commissioner Grant stated he would not be able to attend a December 19th JDA meeting. He questioned what the approved meeting dates were for the JDA. Director Olson reported the JDA agreed to meet on the first Monday of every month, unless that day were to fall on a holiday.

Commissioner Grant expressed concern with the fact Chair Wicklund was forcing additional meeting dates on the JDA when he was supposed to be a neutral party.

Chair Wicklund stated he was simply proposing the meeting dates and noted these could be changed.

Commissioner Huffman asked when the City of Arden Hills would be holding their Open House.

Commissioner Grant reported the Open House would be held on November 15th.

Commissioner Huffman stated he did not believe the additional meeting dates were out of line. However, he did agree it may be difficult for members to make the December meeting being so close to the Christmas holiday. He explained he could add the additional October and November meetings to his calendar.

Commissioner Wicklund stated he did not believe additional meetings would suddenly make things work. He supported people getting together and having meetings if there were items to discuss.

Commissioner Grant asked if the MDA was a private document. Ms. Bolton stated it was not intended to be a private document and noted this document was a work in progress.

Bob Lux, Alatus, stated there were three parties at the table and for the past two and a half years these three parties have been working together. He noted these three parties met every week. He commented on the progress that has been made and noted the MDA before the JDA was in draft form. He stated the outstanding issues were communication matters. He

explained this was a very complex transaction and he strongly suggested negotiations not be put on hold. He feared the Open House in November was a stall tactic. He encouraged the City to continue to work on the cooperative agreement in order to find common ground to keep this project moving forward.

Commissioner Grant stated he would appreciate Alatus meeting with the entire City Council and not individual members. He stated this was not assisting the groups in reaching common group, but rather was divisive. He explained this may not be intentional and encouraged Alatus to set up a meeting with the entire City Council. Mr. Lux stated he was happy to do that and stated his goal was to educate the Council members.

Chair Wicklund asked when the Arden Hills City Council would be meeting.

Commissioner Grant stated the City Council would be meeting next on Monday, September 24th.

Chair Wicklund encouraged Mr. Lux to consider attending this meeting in order to keep this item moving forward.

Public Hearing

None

New Business

Financial Procedures

Commissioner Grant stated he believed it would be beneficial for the JDA to discuss its financial procedures. He commented on the Joint Powers Agreement, Section 2 referencing the budgeting process. He explained that because there were a number of meetings canceled in July and August he feared that the JDA had not coordinated its efforts with the City and the County with respect to the 2019 budgets.

Chair Wicklund commented historical reference would be helpful and the process that has been in place since the JDA was established. Director Olson explained he would have to go back and see what has been done in the past. He stated in the past the JDA has approved their budget and other financials in the early parts of the year.

Chair Wicklund requested further information from Commissioner Grant regarding the intent of his question.

Commissioner Grant stated he would like to ensure that the proper budgeting deadlines are met. He submitted a stack of invoices from the City to the JDA. Further discussion ensued regarding the invoices and it was noted the City had only received roughly \$5,000 in reimbursements to date.

Chair Wicklund read a summary on the invoices noting the City had incurred \$312,000 in administrative time and \$827,000 in consultant time, for a total of \$1.139 million. He read language from the JPA and noted expenses could be reimbursed for things services other than personnel and consultants.

Commissioner Huffman stated this was a tension point between the City and the County. He recommended the JDA acknowledge receipt of the invoices and not further discuss the matter this evening, but rather through the tension point negotiations.

Chair Wicklund agreed and thanked Commissioner Grant for bringing these invoices forward.

Commissioner Grant discussed Section 2.3.2 and stated it was being misunderstood. He read the language in full for the record and noted the approval of expenses rests with the JDA. He questioned if the JDA was paying its bills.

Chair Wicklund requested clarification from Director Olson on this matter. Director Olson reported the County was the fiscal agent for the JDA and the County pays the bills for the JDA attorney and financial advisor. He stated this process has been followed since 2012.

Commissioner Grant stated the JDA was supposed to approve these expenses and the County was not to be paying itself for these expenses.

Chair Wicklund commented the County has been paying for JDA expenses incurred by the County since 2012. He questioned when the City would be reimbursed for their expenses. Director Olson stated this would occur once land sales began as this would create a financial evolution for the JDA.

Commissioner Grant understood that the County was acting as the fiscal agent for the JDA, however he was concerned with the fact that the County was self-approving expenses without coming before the JDA.

Chair Wicklund recommended the processing and tracking of all JDA expenses come before the group for clarification to ensure JPA requirements were being followed. He questioned how the JDA wanted to proceed with this matter.

Commissioner Huffman stated this was a fair point and noted a procedure was agreed upon that was not being followed. He did not believe there was any malicious intent on the County's behalf and recommended staff put forth a series of policies and procedures regarding financial procedures.

Commissioner Grant asked if the JDA had a reimbursement policy and if so, he requested a copy of this document. Ms. Bolton commented she did not have the JDA organizational documents with her and would have to report back to the JDA.

Chair Wicklund recommended staff be directed to create a reimbursement policy for the JDA to review at a future meeting.

Commissioner Grant asked if Chair Wicklund was signing all checks as was required within the JPA.

Chair Wicklund stated he was not signing checks at this time and noted staff would have to do a thorough review of the financial procedures in order to bring actions into proper alignment with the terms that were previously agreed upon.

Commissioner Huffman commented the Mayor has made a fair point and noted the financial procedures have to be addressed. He then encouraged the JDA to move on and focus on the bigger issues at hand.

Commissioner Grant discussed the Fiscal Agent duties and noted the County has not provided quarterly documents, budgets and accounts receivable to the JDA as was required within Exhibit E. Director Olson stated he would provide this information to the JDA at a future meeting.

Commissioner Grant commented further on Item F regarding the duties of the Fiscal Agent. He asked if the County has had any cost recovery over the past five years. Director Olson reviewed the language regarding cost recovery within the JPA. He stated the County has not sold any property.

Commissioner Grant reported the County has sold copious amounts of recycled material, which was a cost recovery. He requested a report on this matter. Director Olson stated this information would have been provided to the JDA within the Annual Report.

Commissioner Grant commented the Fiscal Agent was to provide the JDA with quarterly reports upon the occurrence and noted this was not taking place at this time.

Commissioner Huffman recommended staff be directed to have policies and procedures in place that match the language within the JPA.

Civic Space MOU Discussion

Commissioner Grant stated the City of Arden Hills entered into an MOU with the developer regarding the Civic property. He noted the developer has had this MOU for approximately 18 months and has not executed their copy. He explained this was a tension point for the City at this time. He commented the County was in negotiations with the developer and he believed that this issue keeps the City from being able to look at the full picture or future of this property. He indicated there has been comment as to why the document has not been executed. He encouraged the developer to sign off on this document in order to remove this tension point.

Mr. Lux stated the reason the MOU has not been delivered to the City was because his attorney stated it was invalid due to the agreement between the developer and the County. He explained the original thought was Alatus would take down all of the property at one time and now the land would be taken down in increments over time. He commented this change made the MOU invalid.

Commissioner Grant stated on September 4th the JDA was informed the Civic Site would be part of Phase I. He questioned what would stop the developer from executing the MOU if the Civic Site was included in Phase I.

Mr. Lux explained Phase I includes three blocks in the down town area, but does not include the Civic block.

Chair Wicklund encouraged the City Council to meet with the developer in order to resolve this issue. He anticipated a new MOU would have to be drafted to properly reflect the new terms of the land sale.

Commissioner Grant asked if the County had been made aware of the change. Mr. Lux reported this was the case and stated he believed all three parties could come together in order to reach a new MOU. He stated he could not take action on land that he does not yet own.

Commissioner Huffman reported the County has been negotiating in good faith. He stated the Civic Site was not in the current phasing but stated he did not see any reason that the MOU could be amended and resolved.

Commissioner Grant recommended there be some meetings between Alatus and the City of Arden Hills. He questioned why the developer had not signed and submitted the document 18 months ago, before the phasing was even addressed. Mr. Lux commented the issue of phasing was being discussed quite early and for this reason the MOU was not executed.

Development Director's Report

Director Perrault had nothing additional to report.

Administrative Director's Report

Director Olson had nothing additional to report.

Commissioner Updates

Commissioner McClung apologized for being late to the meeting.

Commissioner Grant requested an update on the delisting process. Director Olson stated the County has applied for the delisting and noted the matter was being reviewed by the EPA.

Commissioner Huffman suggested staff draft a written report regarding the delisting and have this available for the JDA to review at its next meeting.

Commissioner Grant questioned if it was the County's intent to grade the property prior to it being delisted. Director Olson stated the plan was to delist the property prior to grading the site. He explained it was not a requirement to have the site delisted prior to grade work beginning. He reported the County had a certificate of completion from the EPA and the MPCA which was the highest form of environmental clearance. He indicated this would be the governing document moving forward.

Future Meeting Schedule

The next meeting will be Monday, October 1, 2018, at Arden Hills City Hall.

Meeting adjourned at 7:17 pm.

Approved Jonathan Wicklund Chair
Jonathan Wicklund, Chair

10/1/18
Date